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**A CONSUMER'S GUIDE TO
LONG TERM CARE INSURANCE**

Prepared by

Executive Office of Elder Affairs
and the
Division of Insurance

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Introduction

This guide has been prepared to help consumers understand the emerging array of long term care insurance policies. While much of the information applies to individual policies which are regulated by the state Division of Insurance, it is also intended to be useful to people considering a group policy.

This guide explains what long term care insurance is and how it works. A worksheet is included to help you compare policies. We hope that you will better understand the benefits, limitations and costs of this type of insurance.

Please note that companies frequently revise policies or develop new ones. The information included in this guide reflects the policies that had been approved by the Division of Insurance when the guide was published. You should check with the Division of Insurance or Elder Affairs for changes that may have been approved subsequent to publication.

We have included a glossary of terms to help clarify important terms in understanding the policies. If you have additional questions, please call the agencies listed below:

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1-800-882-2003

Division of Insurance

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Boston, MA 02210-2208

617-521-7794

This guide has been prepared by staff in the Health Policy Units of the Executive Office of Elder Affairs and the Division of Insurance.

CONTENTS

Facts About Long Term Care Insurance	1
Key State Standards	8
Policy Worksheet	11
Approved Individual Long-Term Care Policies	15
Glossary of Important Terms	21

LONG TERM CARE: WHAT IS IT?

Long term care is the kind of help you need if you are unable to care for yourself because of a prolonged illness or disability. It includes a range of services such as nursing home care and services provided in your home. You may need skilled, intermediate or custodial care in a nursing home or in your own home.

Most people do not require skilled care but instead need assistance with activities of daily living (ADLs), such as eating, bathing, transferring, dressing, walking and toileting. These services are considered custodial services and Medicare does not cover custodial care either in a nursing home or in your own home.

Long term care can be very expensive. The average nursing home can cost between \$80 and \$130 per day and the annual cost of care exceeds \$29,000. Depending on where you live, the cost of care can be even greater. Home based care is also costly, particularly if you need skilled nursing care.

WHO PAYS?

Long term care is a major health care cost that is not covered by health insurance. Neither Medicare, private Medicare Supplemental Insurance (Medigap), nor the health insurance you may have through your employer will pay for most long term care expenses.

Medicare pays for some skilled long term care services under very limited circumstances. This covers a small percentage of people, and only for a limited period of time.

Medicare pays less than 2% of the nation's annual nursing home bill. More than half of nursing home care expenses are paid by individuals, and/or their families. The remaining costs are paid by tax dollars through public programs like Medicaid.

Medicaid, a state/federal health program, is a major payor of nursing home care, accounting for more than half of all payments to nursing homes in Massachusetts. Medicaid provides help with medical expenses for the aged, blind, and disabled who meet income and asset tests. To pay for nursing home care, many people deplete their savings before they are eligible for Medicaid which then pays for part or all of the costs. This is known as the "spend-down process."

In the past, almost all of your income and assets were applied to nursing home care. However, for couples, recent changes in Medicaid rules allow a spouse living in the community to keep at least \$856 per month and a minimum of \$12,516 or half the joint assets up to a maximum of \$62,580.

LONG TERM CARE INSURANCE: WHAT IS IT?

Long term care insurance is

private insurance designed specifically to pay for long term care services.

Policies now on the market typically cover nursing home care and home health care, but the scope of benefits and terms of the policies vary tremendously. No policy, however, provides full coverage for all expenses.

Benefits are paid up to a specific number of days or visits. Almost all policies now available are "indemnity" plans that pay a fixed dollar amount per day for nursing home or home health care regardless of your actual costs. The amount of the indemnity payment often differs by type of care (e.g., payment is lower for home health care than for nursing home care).

Some policies contain inflation provisions that automatically increase the amount of the indemnity payment each year.

GROUP OR INDIVIDUAL POLICIES ... WHO REGULATES LONG TERM CARE INSURANCE?

When you are reviewing a long term care insurance policy, it is important to know if it is an individual (non-group) or a group policy. Individual insurance is purchased directly from the company, often through an agent or broker. Group insurance is generally purchased by an employer or an association and individuals are eligible for

coverage because of their association or participation with the group. Examples are the American Association of Retired Persons (AARP) and the Combined Jewish Philanthropies (CJP).

In Massachusetts, individual long term care insurance policies must meet specific minimum standards issued by the Division of Insurance (DOI). These standards apply to all non-group policies issued after August 1, 1989.

DOI has limited legal authority over group policies; they are not filed with or approved by DOI. As a result, the benefits and terms of group policies may vary significantly from the standards imposed on non-group policies.

Insurers sometimes structure their offerings as "group policies" to avoid regulation. This is often the case with group policies offered through "group trusts" based outside of Massachusetts. Companies often sell both individual and group policies. Sometimes an agent will start a sales pitch with an individual policy and later show you a group policy. Because of the limited regulation, you should be particularly careful when reviewing group policies, particularly those offered by group trusts.

We suggest that you use the regulations governing individual policies as a benchmark or basis of comparison when reviewing group policies. The worksheet included with this

guide is designed for use with individual or group policies. Also listed on page 6 are specific features to look for in any policy.

WHAT DO POLICIES COVER?

Benefits vary. Individual policies must cover all three types of care in a nursing home: skilled, intermediate and custodial. Nursing home policies must also cover home health care. Some policies may cover only home health care. Policies may cover other services such as respite care, adult day care and others.

DO ALL NURSING HOMES PROVIDE SKILLED, INTERMEDIATE AND CUSTODIAL CARE?

No, some nursing homes are licensed as free standing skilled nursing or intermediate care facilities. Only one level of care is provided.

Other facilities are "multi-level" and include skilled and intermediate care. Some facilities combine skilled and intermediate care with rest home levels of care. Intermediate care facilities may provide custodial as well as intermediate care.

It is important to distinguish between the type and level of care that is covered and the type of facility in which the service is provided.

WHAT ABOUT REST HOMES AND CUSTODIAL CARE? ARE THEY THE SAME?

No, rest homes are licensed by the state Department of Public Health to provide supervised living and minimal services. Policies are not required to cover care in a rest home.

Custodial care refers to assistance with activities of daily living, like bathing, eating and dressing, that can be provided in an intermediate care facility. Some nursing home residents need little nursing care and more personal (or custodial) care.

IS THIS INSURANCE APPROPRIATE FOR ME?

The value of long term care insurance depends on your financial situation. If you entered a nursing home and would become eligible for Medicaid within six months anyway, insurance will be very expensive and perhaps not a good buy.

Remember, if you are 65, you may be paying premiums for 10-20 years before you need long term care. If the premiums are \$1,000 a year, you will have paid \$10,000 to \$20,000 in premiums during that time. Do you have a level of assets that requires that type of insurance investment to protect? Do you have sufficient income to pay higher premiums if they increase in the future?

HOW MUCH COVERAGE DO I NEED?

You will usually have the option to choose a benefit between \$50 and \$150 a day. The higher the benefit you select, the higher the premium. You will be responsible for any difference between the benefit and the actual charge. For example, if the policy pays \$100 a day and the daily charge is \$130, you will pay a copayment of \$30 a day.

Any benefit you select should depend upon your finances, local costs and inflation. Contact nursing homes in your area and ask about their rates. You won't need a policy that pays \$150 a day if the average rate is \$125 a day at the time you need the benefit.

Examine your own savings and finances. You may also consider a policy that pays less if you plan to use your savings or income to pay some of the costs.

Remember, you may not use your policy for many years while the cost of care will be rising in the meantime.

HOW CAN I PROTECT AGAINST INFLATION?

One of the greatest risks with long term care insurance is that the value of the benefits will be eroded by inflation. Insurers often offer inflation protection and this is a very important feature. Without inflation protection, a policy may become almost worthless by the time you need it.

Inflation options come in different forms. Some offer a flat increase in benefits (e.g., the daily benefit will increase \$10 per year). Others tie the benefit to an index (e.g., the daily benefit will increase at 5% a year or at the rate of increase in the Consumer Price Index (CPI)). Be sure you understand this feature of the policies you examine.

AM I ELIGIBLE? WILL THEY ACCEPT ME?

Almost all companies do health screening. Most will require that you fill out a medical questionnaire. A company may not offer you a policy if you have recently been ill or had certain conditions. They may accept you, but exclude coverage for care due to a particular illness. Companies have preexisting condition limitations and other limitations and exclusions that you should check.

WHAT ARE PRE-EXISTING CONDITIONS?

When you apply for long term care insurance, you may be asked questions about your health. Companies generally require that a certain period of time pass before the policy pays for care related to a health problem you may have had when you applied for coverage. Such health problems, pre-existing conditions, are conditions for which medical advice or treatment was recommended by a

physician or received before you signed the application. Usually, nursing home stays arising from a pre-existing condition will not be covered for six months after the effective date of the policy. Some companies require a longer pre-existing condition period and others require none.

An insurer may also exclude coverage entirely for medical conditions you have when you buy the policy. Be sure to check the pre-existing condition limitation carefully.

WHAT IS "POST CLAIM UNDERWRITING?"

Some companies accept your application and later review your medical history if you file a claim. If you did not disclose a condition that is discovered in checking your medical history, you may be denied benefits and your claim will not be paid. Your policy may also be cancelled.

Sometimes an agent may fill out an application form for you and fail to note specific conditions that may later disqualify you from claiming benefits. Make sure you check the application carefully!

HOW MUCH DO THE POLICIES COST?

Premiums vary significantly based on your age at purchase, benefits and inflation protection. Individual policy premiums range from about \$250 a

year to more than \$4,000 a year. Ask the company or agent to price policies with different levels of benefits, with and without inflation protection. The pricing structures are too complicated and changeable to list in the guide, but the market is very competitive. Shop around. The rates vary substantially.

WILL RATES RISE IN THE FUTURE?

Long term care insurance does not offer a true "level premium" since the company generally has the right to raise the premiums as long as they do so for all policy holders. The premium you pay on enrollment will generally remain the same for the life of the policy unless premiums are raised for all policyholders in the same class.

DO I HAVE TO PAY THE PREMIUM IF I AM IN A NURSING HOME?

You are generally not required to pay the premium once you have received benefits for a specified period, (e.g., 90 days). Check the waiver of premium provisions as you examine the policy. If you stop receiving benefits, you must resume paying premiums.

WHY ARE INDIVIDUAL POLICIES MORE EXPENSIVE THAN GROUP POLICIES?

Generally, group policies of all types, life, health and

long term care, are less expensive than individual policies, in part, because of administrative costs and differences in the likely risks and costs to the insurer.

Group long term care insurance policies also may have a very different benefit package that costs the company less to provide.

DON'T INDIVIDUAL POLICIES COST MORE BECAUSE OF STATE REGULATIONS?

Individual policies may cost more because they provide more benefits than group policies in accordance with the minimum benefits required by state regulation.

WHAT SHOULD I LOOK FOR IF I AM CONSIDERING A GROUP POLICY?

Check the group policy to find out whether:

- it covers all three types of nursing home care, regardless of the setting;
- the maximum benefit is at least two years;
- it has a home health benefit;
- the policy is guaranteed renewable;
- the elimination period does not exceed 100 days;
- a prior hospitalization is not required before

benefits are paid;

- the policy does not require that you receive skilled care before intermediate or custodial benefits are paid;

- you do not have to receive nursing home care before receiving home health benefits;

- the policy does not exclude coverage for mental or nervous conditions or for Alzheimer's Disease;

- the pre-existing condition clause is no longer than six months.

A FEW FINAL HINTS WHEN CONSIDERING A LONG TERM CARE INSURANCE POLICY.

- o Is this insurance appropriate for you considering your assets and income?
- o Shop around. You should compare at least three policies.
- o Don't rush. Be sure to read and compare the policies you are considering very carefully.
- o Some agents may use aggressive sales tactics. Buy only when, and if, you are ready. And don't be pressured.

- o Ask for a sample policy contract and the disclosure form outlining the policy's features. Do not rely on a brochure to make a decision.
- o Do not be afraid to ask your insurance agent or broker about anything that is unclear. Get answers in writing on company letterhead.
- o Think about the benefits you want. What are your assets and do you want to use them for some of your care (reducing the benefits you'll need)?
- o How much are you willing and able to pay for insurance? Can you afford premium increases?
- o Do not pay in cash. Make out a check to the company, not to an agent or broker.
- o If you buy, you can change your mind. By law, you have 10 days to review the policy and change your mind and receive a full refund. However, many companies allow a 30 day review period.
- o Do not buy more than one good policy.
- o Answer all questions truthfully when filling out the application.
- o Be sure to check the completed application for accuracy when you sign it. Check again when a copy is returned to you along with

the contract.

- o If you find any errors, write to the company immediately and insist on a corrected application.
- o An inaccurate application may cause problems in the future when a claim is filed. The company might claim that you did not disclose all information in your medical history and may cancel the policy, refund your premiums and refuse to pay your claim.

If you are looking at a group policy, check:

- o Is the insurer licensed by DOI?
- o Who is the group's sponsor and is it is a legitimate group?
- o Would the policy meet the minimum standards set by the Division of Insurance for individual policies?

SUMMARY OF THE STATE STANDARDS
for Non-Group (Individual) Long Term Care Insurance Policies
(Regulation 211 CMR 65.00)

The major standards required in non-group long term care insurance policies are described below.

Two kinds of policies may be sold:

1. A combination policy that offers at least both nursing home and home health benefits and;
2. A policy that offers at least home health benefits but does NOT offer any coverage for nursing home services.

MINIMUM BENEFIT REQUIREMENTS:

1. Combination nursing home and home health care policy:

Mandatory: Policies must offer 730 days, or \$36,500, of a combined/interchangeable nursing home and home health care benefit.

The nursing home benefit must cover all three levels (skilled, intermediate, custodial) in a nursing home for a minimum of \$50 per day.

Home health benefits must be at least 50% of the nursing home benefit.

No policy need pay for care in excess of the actual cost.

Optional: Policies may

offer additional benefits: adult day care, adult foster-care, chore care, homemaker services, respite care and social day care, or any other benefit approved by the Commissioner of Insurance. Benefits must cover a reasonable portion of the cost of the service.

2. Home health care only policies:

Mandatory: Policies must offer at least 312 days or \$18,250 of benefits.

Optional: Policies may offer additional benefits: adult day care, adult foster care, chore care, homemaker service, respite care and social day care, or any other benefit approved by the Commissioner of Insurance. Benefits must cover a reasonable portion of the cost of the service.

ELIMINATION PERIOD: Policies cannot require an "elimination period" (deductible) greater than 100 days of home health care and/or nursing home care.

PRIOR TREATMENT: Prior hospitalization CANNOT be required as a precondition for nursing home benefits.

- A level of care in a

nursing home CANNOT be conditioned upon any other level of care in a nursing home (e.g. custodial care covered only if skilled care is given first).

- A nursing home stay CANNOT be required as a precondition for home health care benefits.

OTHER BENEFIT PROVISIONS:

Benefits must be available 365 days per year unless the maximum lifetime benefit period has expired or the maximum lifetime amount has been paid out.

The days which are counted toward the lifetime maximum benefit period must be days for which you have actually received a benefit. For example if you received home health care three times a week for six months, you may count only those days on which a health benefit was received, not the entire six months.

BENEFIT STANDARDS: Skilled or intermediate nursing care, home health care and adult day care benefits may be conditioned on either being "medically necessary" or a "disability".

"Medically necessary" means services provided in accordance with accepted medical practice and not just for the convenience of the insured and/or the insured's family.

"Disability" means needing

assistance with at least 3 Activities of Daily Living (ADLs). The ADLs which must be used are: eating, toileting, mobility, bathing, dressing and continence.

ALZHEIMER'S DISEASE:

Alzheimer's disease and other organically based dementia must be covered if diagnosed after the policy is purchased. Insurers must have established criteria other than brain biopsy or autopsy for determining the existence of a demonstrable organic cause.

ALCOHOLISM AND SUBSTANCE

ABUSE: Coverage must be provided for any physical condition that is caused or complicated by alcoholism or substance abuse. Other treatment for alcoholism or substance abuse, i.e., alcohol or drug detoxification or rehabilitation, may be excluded.

PRE-EXISTING CONDITION: A pre-existing condition is one that existed in the six months immediately before the policy's purchase. A policy may not exclude confinement or treatment relating to a pre-existing condition unless the confinement or treatment begins in the first six months of the purchase of a policy.

GUARANTEED RENEWABLE: Policy renewal terms must be no less restrictive than "guaranteed renewable." Policies shall

continue and may not be cancelled for any reason other than nonpayment of premium.

Premiums may be increased, but only for a whole class of policyholders.

DISCLOSURE: Policies must have a required disclosure statement to help consumers better understand their benefits and the limitations and exclusions of their policy. All inflation rider offerings (see definitions), whether at initial application or at any later date, must provide a separate inflation rider disclosure statement explaining the nature of the inflation rider and how the rider compares to the Consumer Price Index (CPI).

INFLATION RIDER: Companies must make an inflation rider available at the time of application (with no additional underwriting), to be purchased at the option of the policyholder.

Companies are not required to offer the inflation rider at any time other than at the time of application, although they may do so at their option.

LONG TERM CARE POLICY WORKSHEET

It is very important to compare policies. This worksheet is provided to assist you in your comparison of long term care insurance policies.

NAME	TYPE OF POLICY (individual or group)
Policy A _____	_____
Policy B _____	_____
Policy C _____	_____

NOTE: Remember, non-group (individual) policies must meet state standards. Group policies are not covered by these standards.

1. WHAT SERVICES ARE COVERED?	Required By Regulation	<u>Policy A</u>	<u>Policy B</u>	<u>Policy C</u>
<u>Nursing Home</u>		_____	_____	_____
o Skilled Care	*yes	_____	_____	_____
o Intermediate care	*yes	_____	_____	_____
o Custodial care	*yes	_____	_____	_____
<u>Home health care</u>				
o Skilled Nursing	yes	_____	_____	_____
o Home Health Aide	yes	_____	_____	_____
o Physical Therapist, etc.	yes	_____	_____	_____
<u>Other:</u>				
- Adult day care	no	_____	_____	_____
- Adult foster care	no	_____	_____	_____
- Chore care	no	_____	_____	_____
- Homemaker	no	_____	_____	_____
- Respite care	no	_____	_____	_____
- Social day care	no	_____	_____	_____
- _____		_____	_____	_____
- _____		_____	_____	_____

* Except for policies providing only home health benefits.

**2. HOW MUCH DOES THE POLICY PAY
PER DAY:**

Policy A Policy B Policy C

Nursing Home

- o Skilled Care
- o Intermediate care
- o Custodial care

Home health care

- o Skilled nursing
- o Home health aide
- o Therapies

Other:

- Adult day care
- Adult foster care
- Chore care
- Homemaker
- Respite care
- Social day care
- _____
- _____

3. Is there an inflation option?

- o How do benefits increase over time, (i.e., 5% a year or based on CPI)?
- o Do benefits increase every year? Or only for a limited number of years?
- o Is there an additional premium for the inflation rider?

	<u>Policy A</u>	<u>Policy B</u>	<u>Policy C</u>
4. Does the policy have a maximum lifetime benefit (day or dollar)?			
o All benefits			
o Nursing home			
o Home health			
o Other			
5. How long do you have to wait before pre-existing conditions are covered?			
6. How long is the elimination or deductible period?			
o 20 days			
o 60 days			
o 100 days			
o Other			
7. Will the policy cover you if you move to another state? country?			
8. What is the age range for enrollment?			
9. What does the policy cost?			
o per month			
o per year			
10. Can the premium change?			
o Does the premium increase as you get older? If yes, how often and by how much?			
o yearly			
o 5 year interval			
o Other			

	<u>Policy A</u>	<u>Policy B</u>	<u>Policy C</u>
11. Is there a waiver of premium?	_____	_____	_____
12. How many ADL impairments are required to receive benefits?	_____	_____	_____
13. For group policies, are there any prior treatment limitations?			
o Prior hospital stay for nursing home or home health benefits?	_____	_____	_____
o Prior nursing home stay for home health benefits?	_____	_____	_____
o Other?	_____	_____	_____
14. For group policies, are there any exclusions?			
o Alzheimer's Disease	_____	_____	_____
o Mental/Nervous Conditions	_____	_____	_____
o Are there any other limitations or exclusions?	_____	_____	_____

Notes About Policies:

<u>Policy A</u>	<u>Policy B</u>	<u>Policy C</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



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LINDA RUTHARDT

COMMISSIONER

INDIVIDUAL INSURANCE POLICIES THAT MEET THE REQUIREMENTS OF 211 CMR 65.00, THE LONG TERM CARE INSURANCE REGULATION September 1, 1996

Company Name

Approval Date

1. ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA

Life Care Administrative Office

P.O. Box 4243

Woodland Hills, CA 91365

(818) 887-4436

Policy #s:

N-2350-P-MA (comprehensive nursing home & home health care policy)

(3/24/95)

2. AMERICAN TRAVELLERS LIFE INSURANCE COMPANY

Glenview Corporate Center

P.O. Box 8506

Bensalem, PA 19020-8506

1-800-441-3978 or (215) 244-1600

Policy #s:

ATL-LTC-3(MA) (comprehensive nursing home & home health care policy)

(12/06/93)

ATL-HHC-1(MA)(home health care only policy)

(12/06/93)

LTC6MA (comprehensive nursing home & home health care policy)

(7/18/95)

3. BANKERS LIFE AND CASUALTY COMPANY

222 Merchandise Mart Plaza

Chicago, IL 60654-9988

(312) 777-7000

Policy #s:

GR-N020 (comprehensive nursing home & home health care policy)

(7/24/90)

INDIVIDUAL LONG-TERM CARE POLICIES

	<u>Company Name</u>	<u>Approval Date</u>
	N001 (home health care only policy)	(7/30/90)
	GR-N050 (comprehensive nursing home & home health care policy)	(9/08/93)
	GR-N105 (comprehensive nursing home & home health care policy)	(8/16/95)
	GR-N080 (home health care only policy)	(12/12/95)
4.	BANKERS MULTIPLE LINE INSURANCE COMPANY P.O. Box 219065 Dallas, TX 75221-9065 1-800-643-9917 *ask for Stefanie Grantello	
	<i>Policy #s:</i>	
	D-N050 (comprehensive nursing home & home health care policy)	(8/16/93)
5.	BANKERS UNITED LIFE ASSURANCE COMPANY P.O. Box 93020 Hurst, TX 76053 1-800-322-1434	
	<i>Policy #s:</i>	
	GCPRICMA794 (comprehensive nursing home & home health care policy)	(7/18/95)
6.	CONNECTICUT NATIONAL LIFE INSURANCE COMPANY 304 North Main Street P.O. Box 120 Rockford, IL 61105-0120 1-815-987-5000	
	<i>Policy #s:</i>	
	IHP-8696-MA (comprehensive nursing home & home health care policy)	(1/30/96)
	IHP-8702-MA (home health care only policy)	(1/30/96)
7.	CONTINENTAL CASUALTY COMPANY (CNA) CNA Plaza Chicago, IL 60685 1-800-327-2430	
	<i>Policy #s:</i>	
	P1-15203-A20 (comprehensive nursing home & home health care policy)	(4/24/92)
	P1-16356-A20 (comprehensive nursing home & home health care policy)	(4/24/92)
	P1-18215-A20 (comprehensive nursing home & home health care policy)	(4/07/94)
	P1-18876-A20 (comprehensive nursing home & home health care policy)	(8/25/94)
	P1-21295-A20 (comprehensive nursing home & home health care policy)	(10/03/94)
	P1-21300-A20 (comprehensive nursing home & home health care policy)	(10/03/94)

INDIVIDUAL LONG-TERM CARE POLICIES

Company Name

Approval Date

8. CONTINENTAL GENERAL INSURANCE COMPANY
 8901 Indian Hills Drive
 P.O. Box 247007
 Omaha, NE 68124-7007
 (402) 397-3200

Policy #s:
 431 (MA) (comprehensive nursing home & home health care policy) (8/30/95)

9. FIRST PENN-PACIFIC LIFE INSURANCE COMPANY
 1300 South Clinton Street or ATTN: Charlie Erickson
 P.O. Box 1110 316 Main Street
 Fort Wayne, IN 46801 Worcester, MA 01608
 (219) 455-2941 (508) 756-1216
 HF-2950MA (comprehensive nursing home & home health care policy) (4/22/93)
 HF-2504MA (comprehensive nursing home & home health care policy) (4/22/93)

10. GE CAPITAL ASSURANCE
 (formerly AMEX LIFE INSURANCE COMPANY)
 1650 Los Gamos Drive
 San Rafael, CA 94903-1899
 1-800-456-3399 or 1-800-832-6868

Policy #s:
 50023E (no longer being marketed effective June 15, 1995) (5/27/93)
 7000AR (comprehensive nursing home & home health care policy) (4/05/95)

11. IDS LIFE INSURANCE COMPANY
 IDS Tower 10
 Minneapolis, MN 55440
 (612) 671-3733

Policy #s
 30227-MA (comprehensive nursing home & home health care policy) (2/17/95)

INDIVIDUAL LONG-TERM CARE POLICIES

Company Name

Approval Date

12. JOHN ALDEN LIFE INSURANCE COMPANY

21031 Ventura Blvd.
P.O. Box 4243
Woodland Hills, CA 91365-4243
1-800-932-6796

Policy #s:

J-5762-P-MA	(comprehensive nursing home & home health care policy)	(7/22/93)
J-5875-P-MA	(comprehensive nursing home & home health care policy)	(8/31/95)

13. JOHN HANCOCK MUTUAL INSURANCE COMPANY

John Hancock Place
P.O. Box 111
Boston, MA 02117
1-800-543-6415

Policy #s:

LTC-MA-91	(no longer being marketed effective 11/8/93)	(10/01/91)
LTC-94 MA2	(comprehensive nursing home & home health care policy)	(11/08/93)
LTC-96 MA	(comprehensive nursing home & home health care policy)	(10/16/96)
LTC-96CL MA 9/96	(comprehensive nursing home & home health care policy)	(10/16/96)

14. LINCOLN NATIONAL INSURANCE COMPANY

1300 South Clinton Street	or ATTN: Charlie Erickson
P.O. Box 1110	316 Main Street
Fort Wayne, IN 46801	Worcester, MA 01608
(219) 455-2941	(508) 756-1216

Policy #s:

HL-2950MA	(comprehensive nursing home & home health care policy)	(4/22/93)
HL-2504MA	(comprehensive nursing home & home health care policy)	(4/22/93)

15. MONUMENTAL LIFE INSURANCE COMPANY

P.O. Box 93020
Hurst, TX 76053
1-800-322-1434

Policy #s:

GCPRIICMA794	(comprehensive nursing home & home health care policy)	(7/18/95)
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INDIVIDUAL LONG-TERM CARE POLICIES

Company Name

Approval Date

16. MUTUAL OF OMAHA LIFE INSURANCE COMPANY

Mutual of Omaha Plaza
Omaha, NE 68175
(402) 343-7600

Policy #s:

LTC-9 (comprehensive nursing home & home health care policy) (12/16/93)

17. NEW YORK LIFE INSURANCE COMPANY

Long-Term Care Division
51 Madison Avenue
New York, NY 10010
(212) 576-7000

Policy #s:

21073 (MA) (comprehensive nursing home & home health care policy) (6/27/94)

18. PFL LIFE INSURANCE COMPANY

P.O. Box 93005
Hurst, TX 76053
1-800-338-0256

Policy #s:

LTC 3 (MA) 1091 (REV92) (comprehensive nursing home & home health care policy) (1/25/94)

LTC 3R (MA) 1091 (REV92) (comprehensive nursing home & home health care policy) (1/25/94)

19. PIONEER LIFE INSURANCE COMPANY OF ILLINOIS

304 North Main Street
P.O. Box 120
Rockford, IL 61105-0120
1-815-987-5000

Policy #s:

IHP-9696-MA (comprehensive nursing home & home health care policy) (12/19/95)

IHP-9702-MA (home health care only policy) (12/19/95)

INDIVIDUAL LONG-TERM CARE POLICIES

Company Name

Approval Date

20. TIME INSURANCE COMPANY

501 West Michigan
P.O. Box 3050
Milwaukee, WI 53201-3050
1-800-377-7311

Policy #s:

4043-MA	(comprehensive nursing home & home health care policy)	(5/27/93)
4042-MA	(home health care only policy)	(5/27/93)
4044-MA	(comprehensive nursing home & home health care policy)	(1/23/96)

21. TRANSAMERICA OCCIDENTAL LIFE INSURANCE COMPANY

Long-Term Care Insurance Department
P.O. Box 2310
Los Angeles, CA 90051-0310
1-800-227-3740

Policy #s:

LTC 104-194-MA	(comprehensive nursing home & home health care policy)	(4/03/95)
LTC 106-194-MA	(home health care only policy)	(4/03/95)

22. THE TRAVELERS INSURANCE COMPANY

One Tower Square
Hartford, CT 01683
(203) 277-0111

Policy #s:

H-LTC 2J-21	(comprehensive nursing home & home health care policy)	(1/11/91)
H-LTC 2J-27	(comprehensive nursing home & home health care policy)	(5/11/91)
H-LTC3J-6	(comprehensive nursing home & home health care policy)	(11/11/93)
H-LTC3JP13	(comprehensive nursing home & home health care policy)	(7/07/94)

23. UNUM LIFE INSURANCE COMPANY

2211 Congress Street
Portland, ME 04122
(207) 770-2211

Policy #s:

LTC6092	LTC6392	LTC7092	LTC7392
LTC6192	LTC6492	LTC7192	LTC7492
LTC6292	LTC6592	LTC7292	LTC7592

The following is a glossary of frequently used long term care terms. The regulation requires insurers to use standard definitions which are defined for all non-group (individual) policies by the regulation. Group long-term care insurance policies are not subject to the regulation and terms used in group policies may vary from the definitions required for individual policies. If you are considering purchasing a group product, make sure you clearly understand the definitions used in the policy.

The definitions marked with an asterisk (*) are those that are not defined in the long-term care insurance regulation, but have been included because they may be found in some group policies or are common insurance terms.

Activities of Daily Living

ADLs: eating, toileting, mobility, bathing, dressing and continence.

Adult day care: minimum services must include: nursing services, occupational therapy, physical therapy, speech therapy, social, recreational and educational events designed to improve each participant's self-awareness and level of functioning and training and assistance in dressing, grooming, personal hygiene, use of special aides, accident prevention, and activities of daily living.

Adult foster care: minimum services must include: room and board and personal care services in a family-like setting.

* Age increasing premium: premium rate increases automatically as the policyholder gets older. Premiums could increase each year or by age categories (e.g., 65-69; 70-74).

* Benefit Period: begins when

a person enters an eligible facility or begins receiving home health care and ends when the person is no longer receiving covered services.

Care management: those procedures and standards employed by an insurer which govern the prior approval and periodic recertification of covered services and the determination of the appropriate level of care.

Chore care: those services designed to help individuals remain in their homes and make their homes habitable. Such services shall consist of the following services where applicable: vacuuming (including the moving of furniture), washing floors and walls, defrosting freezers, cleaning ovens, cleaning attics and basements to remove fire and health hazards, changing storm windows, heavy yard work, snow shovelling, and minor repairs of the home (replacing windows, door and window locks, handrails and safety rails, minor repair to stairs or floors and weatherization).

Class: the underwriting and rating classifications used at the time the policy was issued.

* Conditionally Renewable:

insurance company can refuse to renew policies by group, state, age, health or region for any reason.

* Coordination of Benefits:

denial of payment or reduction of benefits because of duplicate coverage under another policy.

Custodial care: services provided in a nursing home, a home, or by a home health care agency. Such services shall be at a minimum: assistance with activities of daily living and may be provided by persons with or without professional skills or training. This does not include care by family members.

Disability: the functional (physical) or cognitive (mental) inability to engage in the regular and customary activities of daily living without human assistance as measured by Activities of Daily Living (ADLs). No policy may require the inability to perform more than three ADLs to determine disability. ADLs to be used to measure disability are: eating, toileting, mobility, bathing, dressing and continence.

* Division of Insurance

("DOI"): a state agency under the Executive Office of Consumer Affairs and Business Regulation responsible for regulating and monitoring the insurance industry. The DOI

was responsible for promulgating the non-group (individual) long term care insurance regulation (211 CMR 65.00).

Elimination period: the number of days in which services are provided to an insured before the insurance policy begins to pay benefits.

* Executive Office of Elder Affairs: "the principal agency of the Commonwealth to mobilize the human, physical and financial resources available to plan, develop, and implement innovative programs to insure the dignity and independence of elderly persons, including the planning, development, and implementation of a home care program for the elderly in the communities of the Commonwealth." (M.G.L. Chapter 19A).

* Group Policy: sold to members of a specific organization, employer group, society, association, professional group, or religious or fraternal order. Not submitted to DOI for review or approval.

Guaranteed renewable: the insured (policyholder) has the right to continue the long term care insurance policy in force by the timely payment of premiums and the insurer has no unilateral right to make any change in any provision of the policy or rider(s) while the insurance is in force, and cannot cancel or decline to renew except in special circumstances approved by the Commissioner. Rates may be revised by the insurer on a class basis.

* Home Health Agency (HHA): an agency licensed by the state to provide skilled nursing services to persons in the community.

Homemaker care: Services designed to maintain independent living. Services shall consist of the following services where applicable: shopping, menu planning, meal preparation, and light housekeeping (including vacuuming, laundering, dusting, dry mopping, dishwashing, cleaning the kitchen and bathroom and changing beds).

Home health care: those services provided by a licensed home health care agency. Such services shall be at a minimum: nursing services, home health aide services, physical therapy, occupational therapy, speech therapy, respiratory therapy, nutritional services and medical services.

* Indemnity/fixed daily benefit: fixed dollar amount paid per day or per visit.

* Individual Policy: sold by agent or broker to an individual; the company must submit the policy to the Division of Insurance for approval. Rates vary according to an individual's age, health and medical condition and the benefits chosen.

Inflation Rider: An option designed to increase the daily benefit amount for a predetermined time and percentage (e.g., increases 5% each year for the first ten years of the policy). Companies

selling non-group policies must offer an inflation rider at the time of application (with no additional underwriting) to be purchased at the option of the policyholder.

* Intermediate/Custodial Care Facility (ICF/CCF): a facility which is licensed by the Department of Public Health to provide supportive nursing services and personal assistance for people who are unable to care for themselves; supervision of residents by an R.N. or L.P.N.

Intermediate nursing care: those services provided in a nursing home or by a home health care agency licensed by the Department of Public Health. Such services shall be at a minimum: routine nursing services and periodic availability of skilled nursing services, restorative and other therapeutic services.

Lifetime maximum benefit period: the maximum period for which benefits will be paid. The minimum number of available days per year shall be 365 days, unless the lifetime maximum benefit period has expired. Such lifetime maximum benefit period must be stated in terms of days rather than in months or years of benefit. Lifetime maximum benefit period applies once in the duration of the policy. Interruptions in use of benefits are not accumulated toward this lifetime maximum benefit period.

Long term care insurance (Non-group): any individual insurance policy advertised,

marketed, offered or designed to provide coverage for each covered person on an expenses incurred, indemnity, prepaid or other basis, for at least the range of services and other minimums required. (See 211 CMR 65.00 for more detail). Such term includes individual and group conversion policies or riders whether issued by insurers, or a nonprofit hospital or medical service corporation.

Long term care insurance shall not include any insurance policy which is offered primarily to provide basic Medicare supplement coverage, basic hospital expense coverage, basic medical-surgical expenses coverage, hospital confinement indemnity coverage, major medical expense coverage, disability income protection coverage, accident only coverage, specified disease or specified accident coverage, or limited benefit health coverage as defined in 211 CMR 42.00 or 47.00.

Long term care insurance also shall not include any contract or arrangement which offers long term care services in conjunction with housing such as the benefits provided in a continuing care retirement community provided such contract arrangement is otherwise governed or regulated under the insurance laws.

Medicaid: public health care program for people who meet strict income and asset limitations.

Medicaid "Spend-Down": using your income and resources to pay for long term care or health care costs until you meet the Medicaid income and resource eligibility requirements.

Medically necessary service means a service which:

- (1) is in accordance with accepted standards of medical practice for the diagnosis and treatment of the insured's (policyholder's) condition; and
- (2) is delivered in the least intensive health care setting required by the insured's (policyholder) condition when possible; and
- (3) is not solely for the convenience of the insured (policyholder) or the insured's family or health care provider, except for respite care as defined herein.

Medicare: the primary health insurance program for people 65 and older and certain disabled people which cover a portion of hospital, doctor's and other medical expenses.

Mental or nervous disorder: a condition as described in the standard nomenclature of the American Psychiatric Association.

Noncancellable: a policy that

gives the insured the right to continue the long term care insurance in force by the timely payment of premiums during which period the insurer has no right to unilaterally make any change in any provision of the policy or rider(s) or in the premium rate.

*Non-forfeiture provision: protects the financial interests of policyholders. If you voluntarily terminate the policy, you may receive the cash surrender value of the policy or other stated benefit.

Nursing home: a facility which is primarily engaged in providing nursing care and related services on an inpatient basis under a license issued by the Department of Public Health or the appropriate licensing agency of the state in which it is located. It may be a free-standing facility, or it may be a distinct part of a facility, including a ward, wing, unit or a swing-bed of a hospital or other institution.

Pre-existing condition: a medical condition for which the insured received diagnosis or treatment during the six-month period prior to the effective date of coverage. No policy may exclude coverage for loss or confinement which is a result of a pre-existing condition unless the loss or confinement begins within the initial six months following

the covered person's effective date of coverage.

Respite care: short term or periodic care which is required in order to maintain the health or safety of the insured (policyholder) and to give temporary relief to the primary caretaker from his or her caretaking duties. Respite care can be provided in a person's home, a nursing home, a social day care or adult day care facility or in an adult foster care program.

Skilled nursing care: services provided in a nursing home or by a home health care agency licensed by the state. Such services shall be at a minimum: skilled nursing services, restorative services and therapeutic services.

Social day care: services which meet the applicable standards set by the Executive Office of Elder Affairs. Such services may include: assistance with walking, assistance with mealtime activities, assistance with grooming, nutrition services, and planned recreational and social activities designed to encourage physical and mental exercise and stimulate social interaction.

* Spell of Illness/Benefit Period: unit of measure used to determine the duration of benefits for a long term care insurance policy.

* Waiting Period: length of time the insured must wait before benefits begin. Often referred to as an "Elimination Period." Some pre-existing medical conditions may require a waiting period.

* Waiver of premiums: insured is not required to pay premiums under certain circumstances (e.g., after 90 days in a nursing home until discharge). Policy remains in force during such time.

